



TOURISM
ECONOMICS

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The Guam Traveler Economy 2021 Results

September 2022

Prepared for: Guam Visitors Bureau



VISITS

Visitor activity in Guam continued to be significantly affected by the pandemic in 2021. International visitation restrictions were in place for much of the year. That, along with many origin markets dealing with COVID quarantine’s and return restrictions, resulted in minimal international visitation. With international visitation limited, the majority of 2021 visitation came from the US.

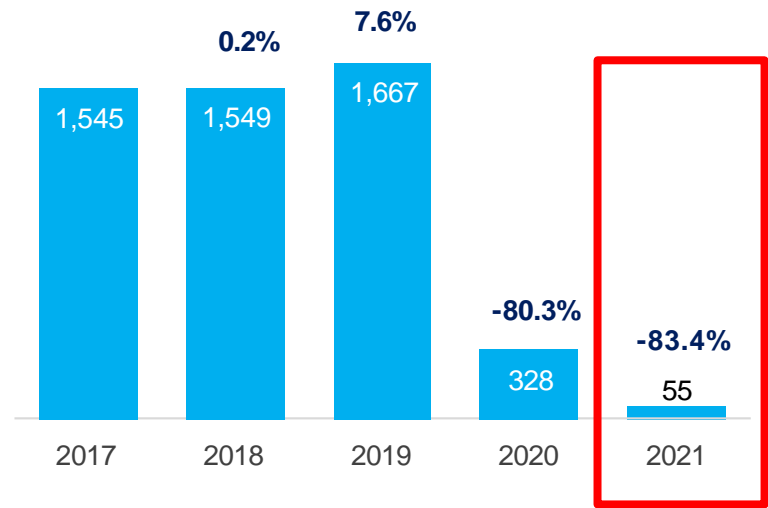
VISITOR VOLUME

Visitation fell to 55,000 visitors in 2021 as travel bans, constraints, and consumer comfortability with travel affected travel decisions.

But there were signs of travel’s resilience. While visitation in Q4 of 2020 (the first quarter of the fiscal year) fell by 98%, as this period is compared to pre-pandemic times, there was growth in visitor numbers in the spring and summer of 2021. Visitation by month increased from 1,500-2 at the height of the pandemic (summer and fall of 2020) to nearly 13,000 in July of 2021 and 8,700 in August.

Guam visitor volume

Amounts in thousands



Sources: GVB, Tourism Economics

VISITOR ORIGIN MARKETS

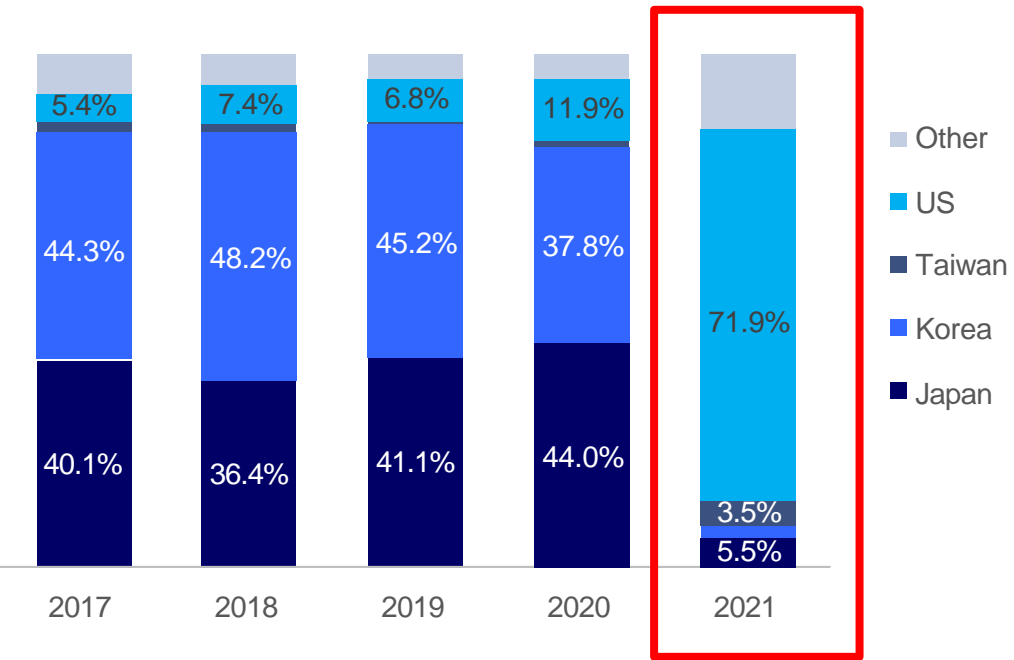
Big shift in origin markets mid-pandemic

Travel bans existed for the fiscal 2021 period, hindering international travel to Guam. But even with those bans in place, Korean and Japanese visitation, which had fallen to 2% of visitation in early pandemic months, rose to around 10% of overall visitation the third quarter of 2021, the end of the fiscal year. In September, Japanese and Korean visitation reached 16% of total visitation, a post-pandemic high and likely an influence of marketing COVID shots to those markets.

Mainland US visitors were the few with the ability to travel to Guam in 2021. As such, the share of US visitors jumped from 12% in 2020 to 72% of visitors in 2021. This is also likely influenced by the military buildup with contractors or others involved with the buildup helping boost domestic visitation numbers.

Guam origin markets

With share of visitation for Korea, Japan, and US



Sources: GVB, Tourism Economics



VISITOR SPENDING

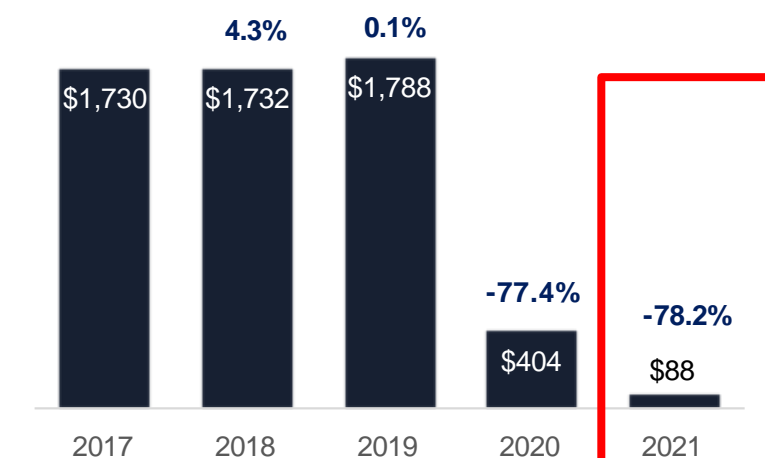
The decline in visitation was the main influence behind lower visitor spending in Guam in 2021. Visitor spending did not fall quite as far as visitation as a longer length of stay created a minor boost to spending totals. With the shift in origin markets and pandemic influences, where the dollar was spent shifted significantly with retail spending experiencing the sharpest changes.

VISITOR SPENDING

Significant drop in 2021

Travel was impacted by visitation restrictions for much of the year in 2021, unlike in 2020 where at least the early part of the year was pre-pandemic. With the continued limits on visitation in place, visitor spending dropped 78%.

Guam visitor spending
Amounts in \$ millions



Sources: GVB, Tourism Economics

VISITOR SPENDING

Food & beverage spending rises to 2nd largest spending category with retail dropping to 3rd.

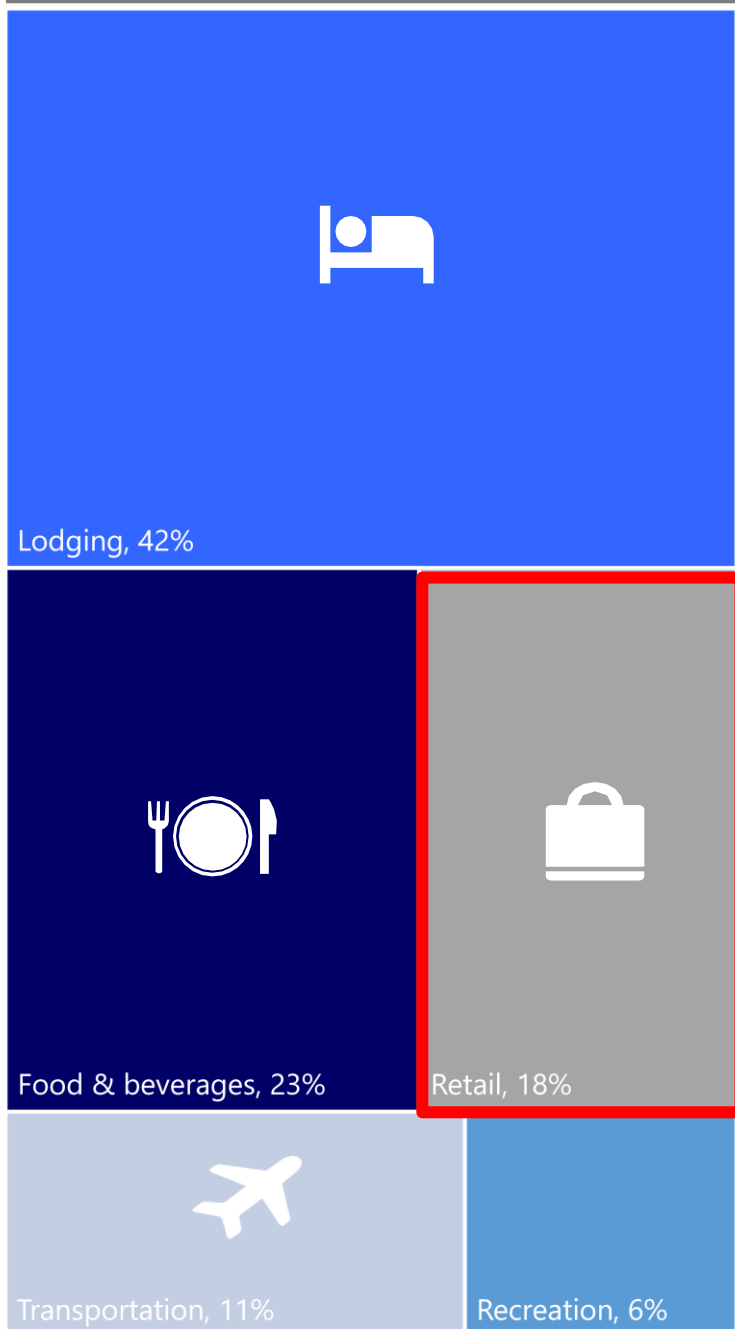
US visitors dominated visitor activity in 2021, compared to other recent years where Japanese and Korean visitors were the lion's share of visitation. As such, where the visitor was spending shifted significantly towards the US visitor spending profile. The biggest change was noted in the retail category. One key activity for international visitors in Guam is shopping; however, visitation shifted to US visitors, a segment where retail spending is less important. In 2021, retail, as a share of the visitor dollar, was overtaken by visitor spending at bars and restaurants.

One pandemic effect was the continued rise in the share of the visitor dollar spent at hotels. While the overall amount dropped, the pandemic likely limited spending in other areas like recreation. Hotels were one of the few areas open and available to spend at by visitors and lodging captured 42 cents of the average visitor dollar in 2021.

\$1.8 BILLION

Total Visitor Spending in 2019

\$88 MILLION
Total Visitor Spending in 2021



Sources: GVB, Tourism Economics

Note: Lodging spending is calculated as an industry. Spending includes food & beverages as part of package at hotel. Transport includes both air and local transportation.

Note: Numbers may not add up due to rounding

VISITOR SPENDING TRENDS

Visitor spending fell by 78% in 2021 to \$88 million. Spending fell across all sectors, led by declines in retail and recreational spending.

The type of visitor that was able to visit Guam in 2021 was more business-oriented or visiting friends/family. The spending of those visitors leans towards both lodging and restaurant spending, helping moderate those losses.

US visitors are also more likely to rent a car or use other transportation options to get around the island, helping moderate transportation losses in 2021.

Guam visitor spending and annual growth

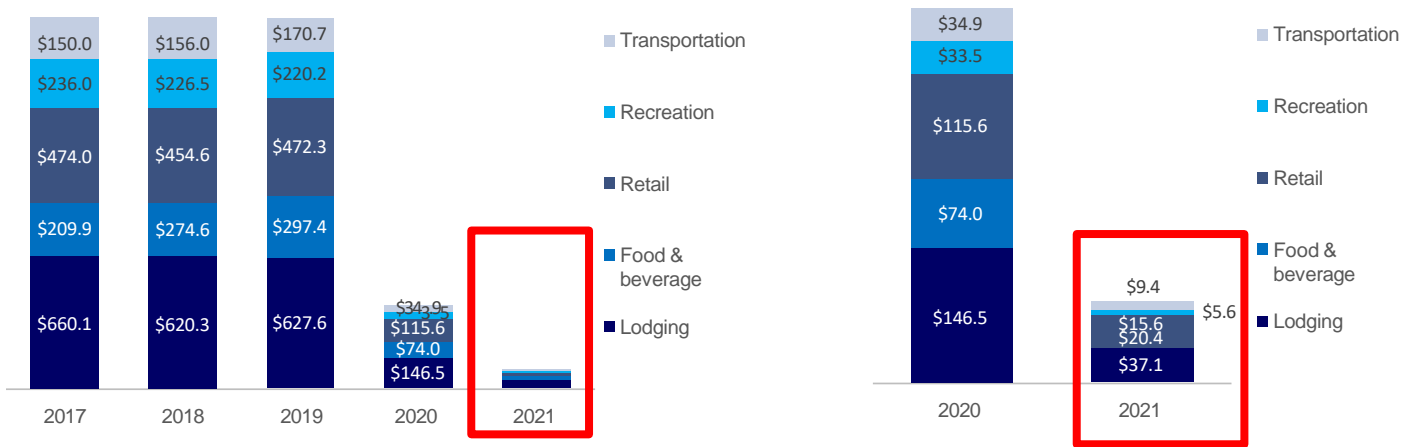
Amounts in \$millions and 2021 % change

	2017	2018	2019	2020	2021	2021 Growth
Total visitor spending	\$1,729.9	\$1,732.0	\$1,788.1	\$404.4	\$88.1	-78.2%
Lodging	\$660.1	\$620.3	\$627.6	\$146.5	\$37.1	-74.7%
Food & beverage	\$209.9	\$274.6	\$297.4	\$74.0	\$20.4	-72.4%
Retail	\$474.0	\$454.6	\$472.3	\$115.6	\$15.6	-86.5%
Recreation	\$236.0	\$226.5	\$220.2	\$33.5	\$5.6	-83.4%
Transportation	\$150.0	\$156.0	\$170.7	\$34.9	\$9.4	-73.0%

Source: Tourism Economics

Visitor Spending in Guam, 2017-2021

By category, amounts in \$millions



Source: Tourism Economics

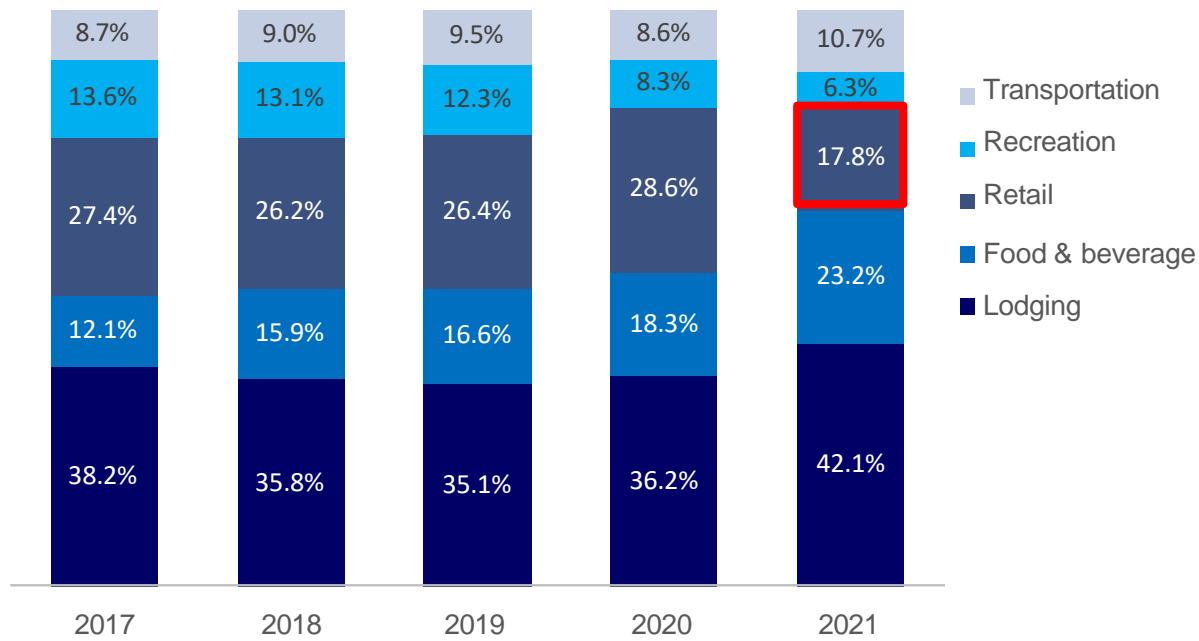
VISITOR SPENDING DISTRIBUTION - SHARES

Spending shares changed significantly in 2021. While lodging continued to capture a large share of each visitor dollar, the change in visitor origin to Guam in 2021 pushed food & beverage spending to a nearly five-point gain. Retail's share, supported in better times by international visitors, dropped more than ten percentage points to below 18% in 2021.

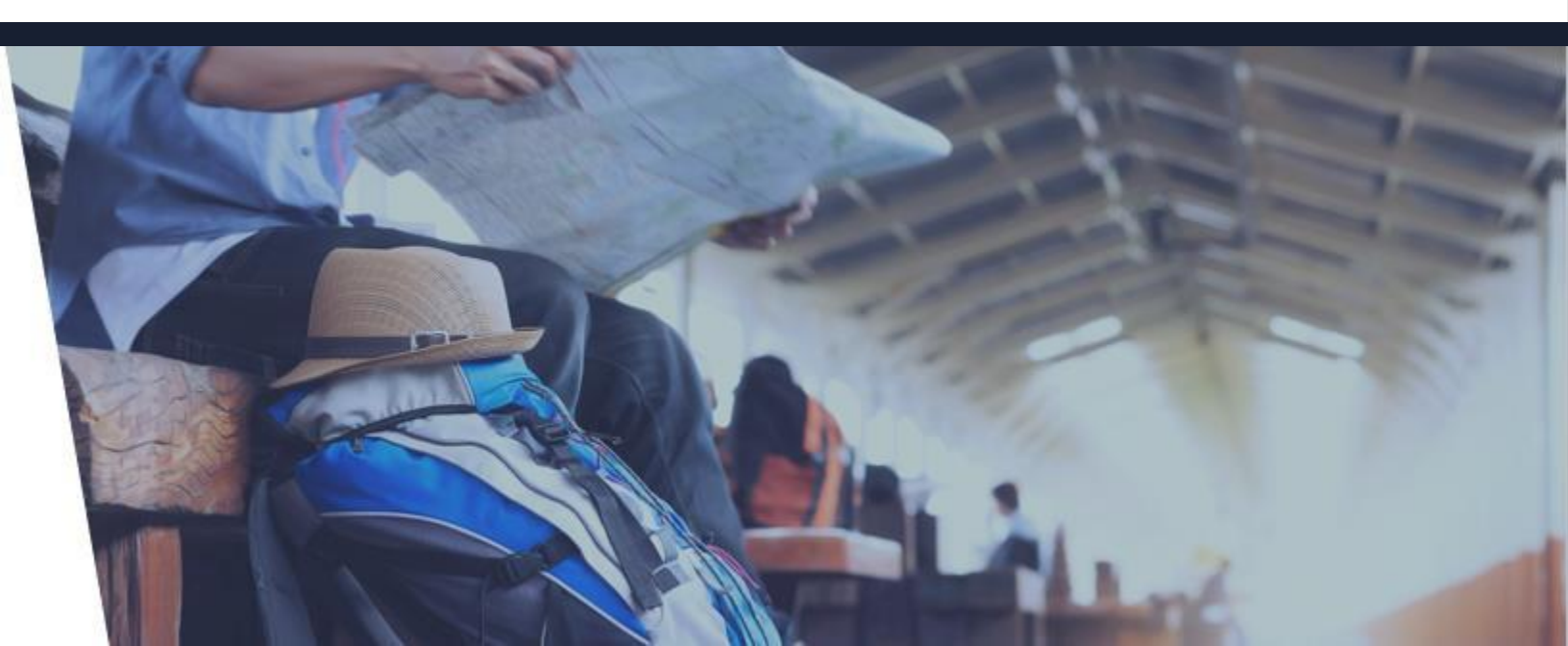
The share spent on recreational activities in Guam continued to decline in 2021. A combination of type of visitor – leaning more towards business and visiting friends/family – along with pandemic restrictions on local businesses were reasons for the continued decline in 2021.

Visitor Spending Shares in Guam, 2017-2021

By category, %



Source: Tourism Economics



ECONOMIC IMPACT FINDINGS

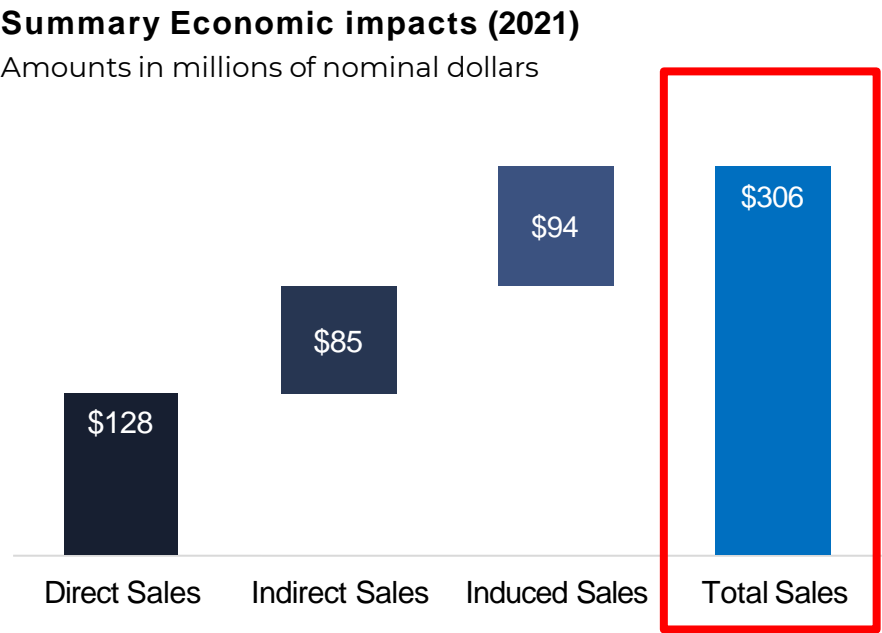
BUSINESS SALES IMPACTS

Travel-related spending of \$128 million supported another \$180 million in business sales from indirect and induced impacts, creating a total impact of \$306 million in sales for businesses in Guam.

With many tourism businesses still needing to purchase services, finance, insurance and real estate industry saw the largest spending from visitor activity, nearly \$60 million and moving from the third largest industry in business sales to the largest in 2021.

Lodging businesses saw \$38 million in business sales with retail shops another \$31 million, comprising the three largest industries seeing business sales from visitors in Guam.

Summary Economic impacts (2019) = \$2.4 BILLION



Source: Tourism Economics
Note: Numbers may not add up due to rounding

Business sales impacts by industry (2021)

Amounts in millions of nominal dollars

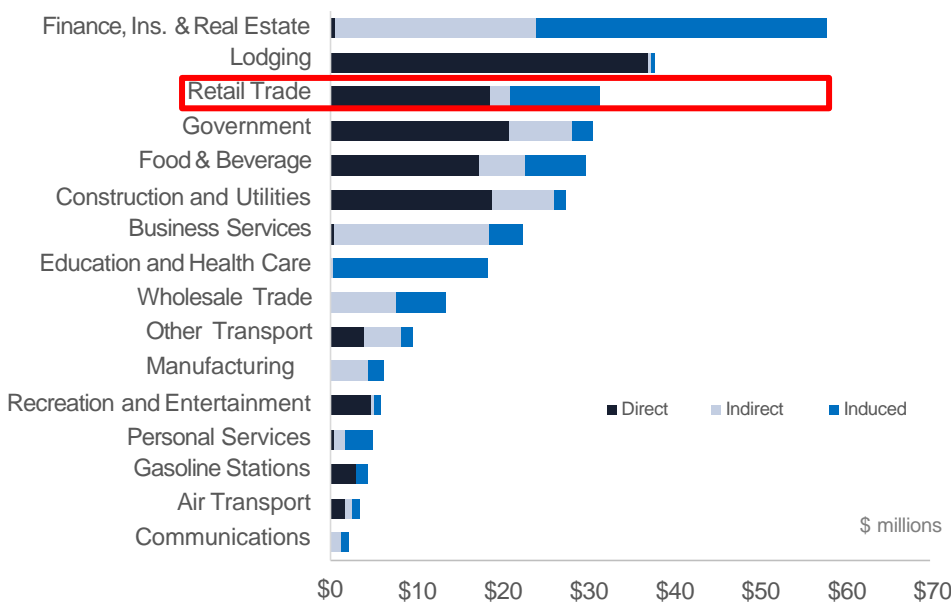
	Direct Business Sales	Indirect Business Sales	Induced Business Sales	Total Business Sales
Total, all industries	\$128	\$85	\$94	\$306
Finance, Ins. & Real Estate	\$ 1	\$23	\$34	\$58
Lodging	\$ 37	\$0	\$0	\$38
Retail Trade	\$ 19	\$2	\$11	\$31
Government	\$ 21	\$7	\$2	\$31
Food & Beverage	\$ 17	\$5	\$7	\$30
Construction and Utilities	\$ 19	\$7	\$1	\$27
Business Services	\$ 0	\$18	\$4	\$22
Education and Health Care	-	\$0	\$18	\$18
Wholesale Trade	-	\$8	\$6	\$14
Other Transport	\$ 4	\$4	\$1	\$10
Manufacturing	-	\$4	\$2	\$6
Recreation and Entertainment	\$ 5	\$0	\$1	\$6
Personal Services	\$ 0	\$1	\$3	\$5
Gasoline Stations	\$ 3	\$0	\$1	\$4
Air Transport	\$ 2	\$1	\$1	\$3
Communications	-	\$1	\$1	\$2
Agriculture, Fishing, Mining	-	\$0	\$0	\$0

\$556 in 2019

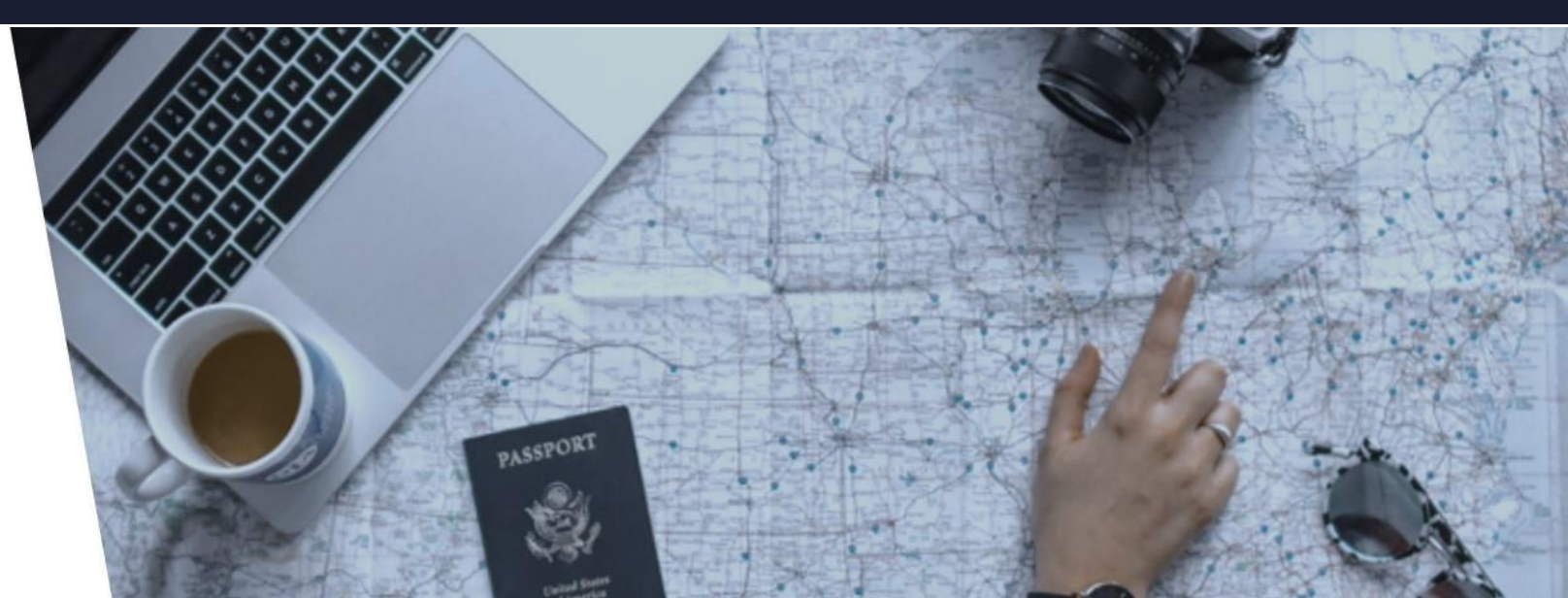
Source: Tourism Economics

Visitor economy business sales impacts by industry (2021)

Amounts in millions of nominal dollars



Source: Tourism Economics



ECONOMIC IMPACT FINDINGS

EMPLOYMENT - IMPACTS

Employment directly supported by visitor activity fell 23% in 2021 to 8,426 jobs. The number of jobs fell by nearly 2,500 in 2021 with the total direct job losses from the pandemic reaching over 8,600 (compared to 2019 job levels).

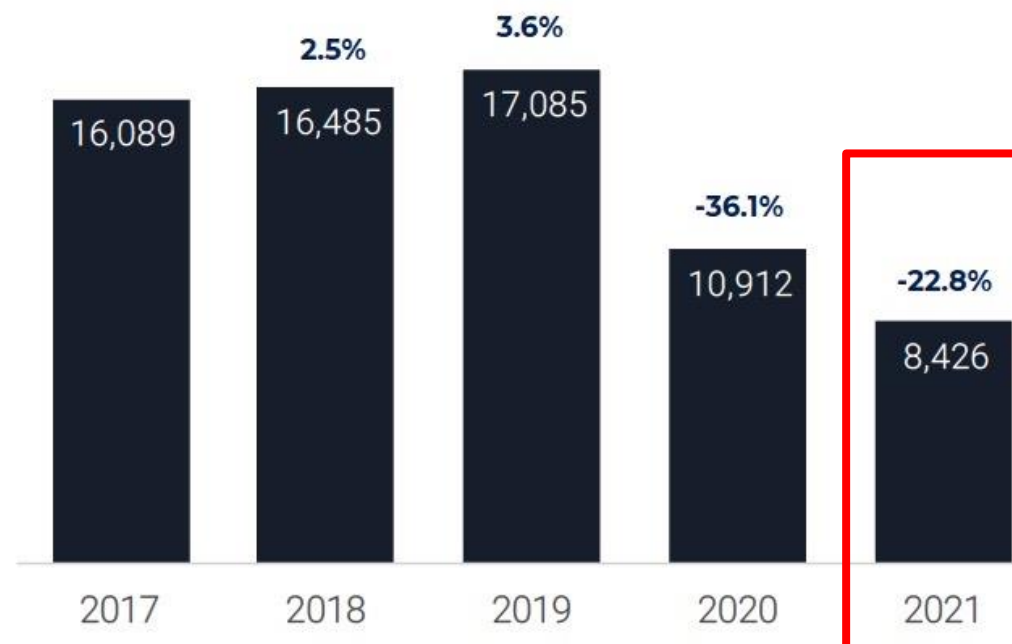
These jobs are ones that directly serve the visitors at businesses like hotels, restaurants, retailers, recreational/entertainment entities, and transportation companies. These jobs do not include those tourism related jobs in government and construction.

The evaluation of the direct impact of visitor activity allows for comparisons and rankings against other industries.

Employment directly supported by visitors registered 8,426 in 2021. Comparing employment levels, were direct visitor-supported employment to be ranked against other industries, tourism would rank 3rd in the territory. This is down from 2nd in 2020 and tourism being the largest employment industry prior to the pandemic.

Employment supported by travel spending in Guam

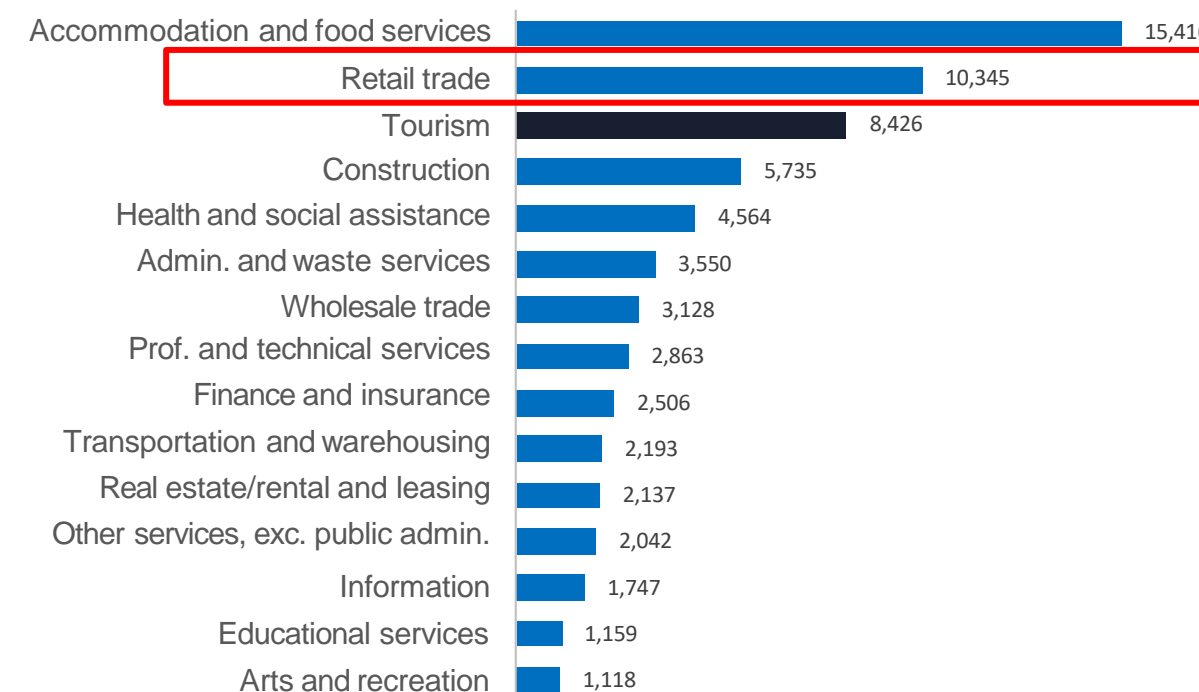
Total impact, amounts in number of jobs



Source: Tourism Economics

Employment in Guam, by major industry

Amounts in number of jobs, direct jobs for Tourism



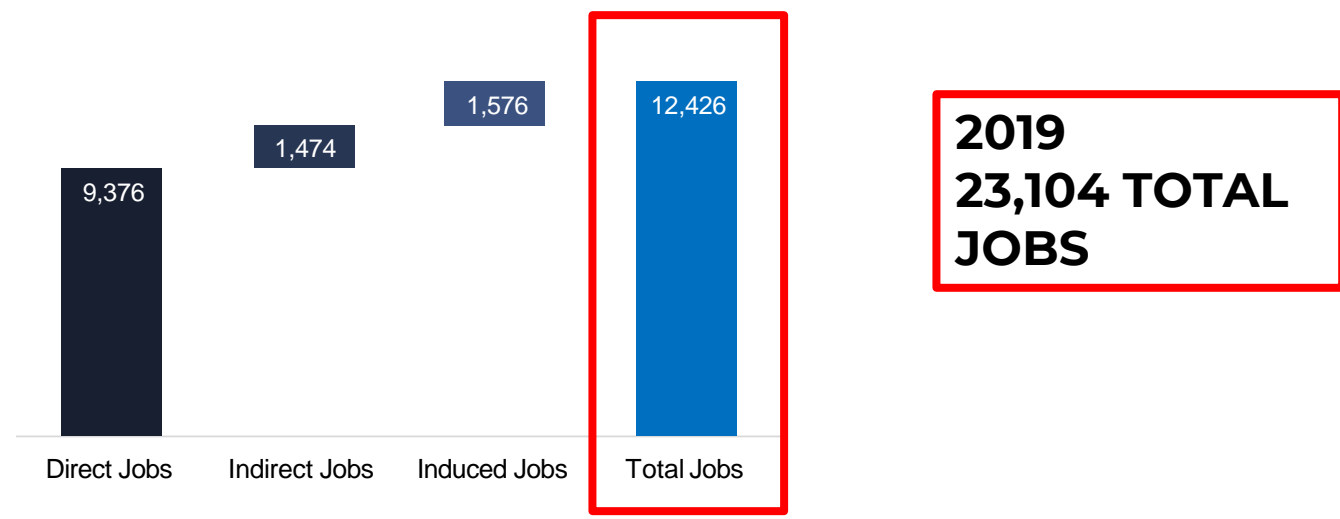
Source: Tourism Economics

EMPLOYMENT – TOTAL IMPACTS

Guam travel demand directly supported nearly 9,400 jobs and a total of 12,400 jobs in 2021 when indirect and induced impacts are included. The total jobs impact supported 21% of all jobs in Guam in 2021, one of every 5 jobs in the territory. This is down from 38% of Guam jobs in 2019.

Summary employment impacts (2021)

Amounts in number of jobs

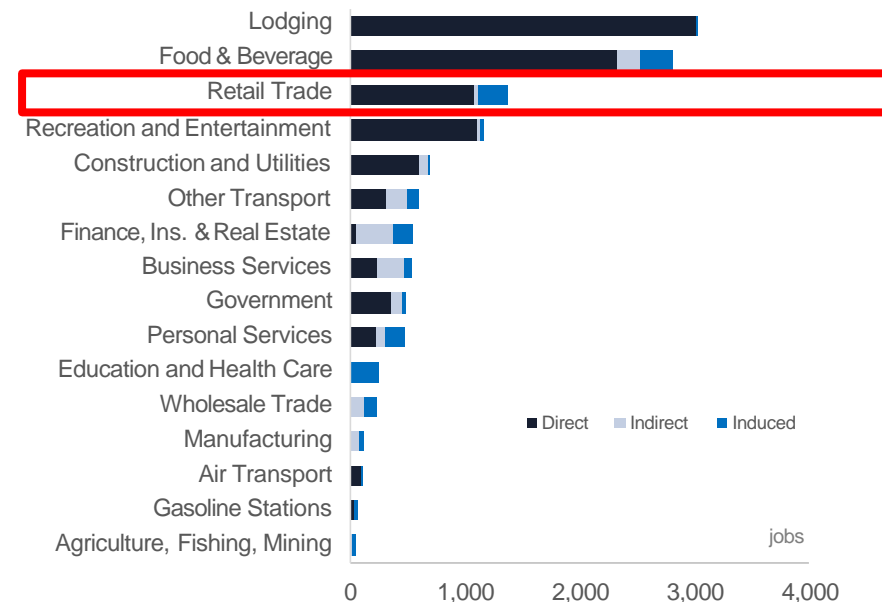


Source: Tourism Economics

Job losses moderated in 2021 as hotels and restaurants needed to hold on to employees to maintain buildings and infrastructure. But with the majority of jobs supported by visitor activity coming from the direct impact of visitors, overall losses have still surpassed 10,000 jobs.

Visitor job Impacts by industry (2021)

Amounts in number of jobs



Source: Tourism Economics



Summary employment Impacts by industry (2021)

Amounts in number of jobs

	Direct Jobs	Indirect Jobs	Induced Jobs	Total Jobs
Total, all industries	9,376	1,474	1,576	12,426
Lodging	3,011	9	15	3,035
Food & Beverage	2,327	199	274	2,800
Retail Trade	1,070	37	254	1,361
Recreation and Entertainment	1,103	18	41	1,162
Construction and Utilities	596	82	9	687
Other Transport	308	191	94	593
Finance, Ins. & Real Estate	48	316	173	537
Business Services	220	244	66	530
Government	354	95	33	482
Personal Services	228	74	160	462
Education and Health Care	-	7	233	240
Wholesale Trade	-	113	119	232
Manufacturing	-	67	40	107
Air Transport	78	4	7	89
Gasoline Stations	31	1	20	53
Agriculture, Fishing, Mining	-	9	29	38
Communications	-	10	8	18

2019 2,851

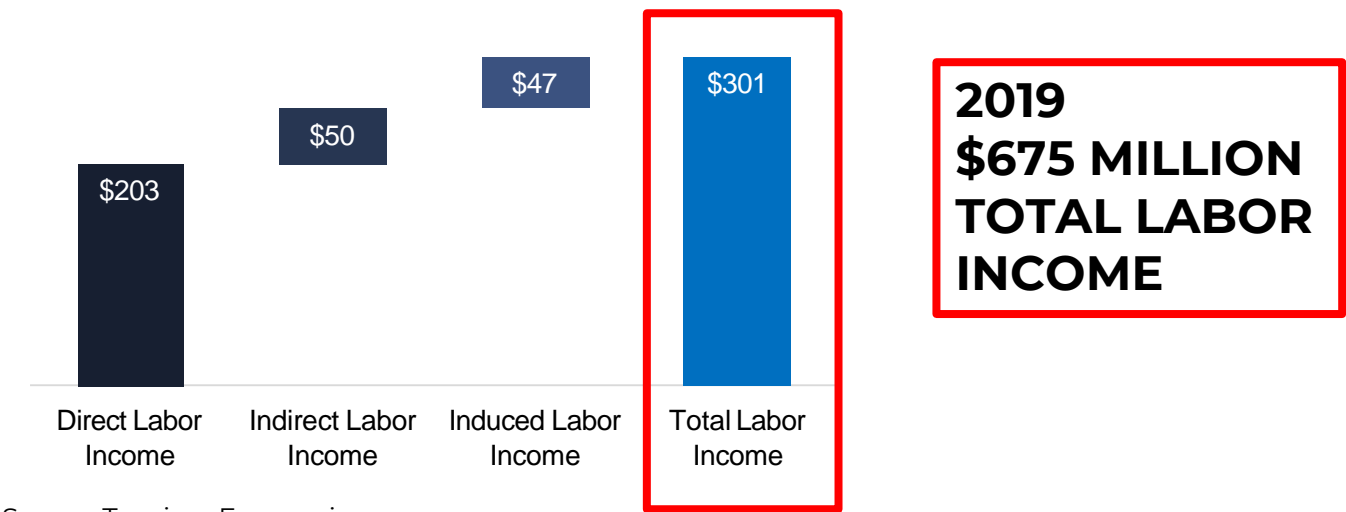
Source: Tourism Economics

LABOR INCOME IMPACTS

Traveler activity generated \$203 million in direct labor income and a total of \$301 million when including indirect and induced impacts. The total income earned by workers has dropped by more than half since 2019, with pre-pandemic income levels of over \$675 million. This a loss of \$375 million in income to Guam workers.

Summary labor income impacts (2021)

Amounts in millions of nominal dollars

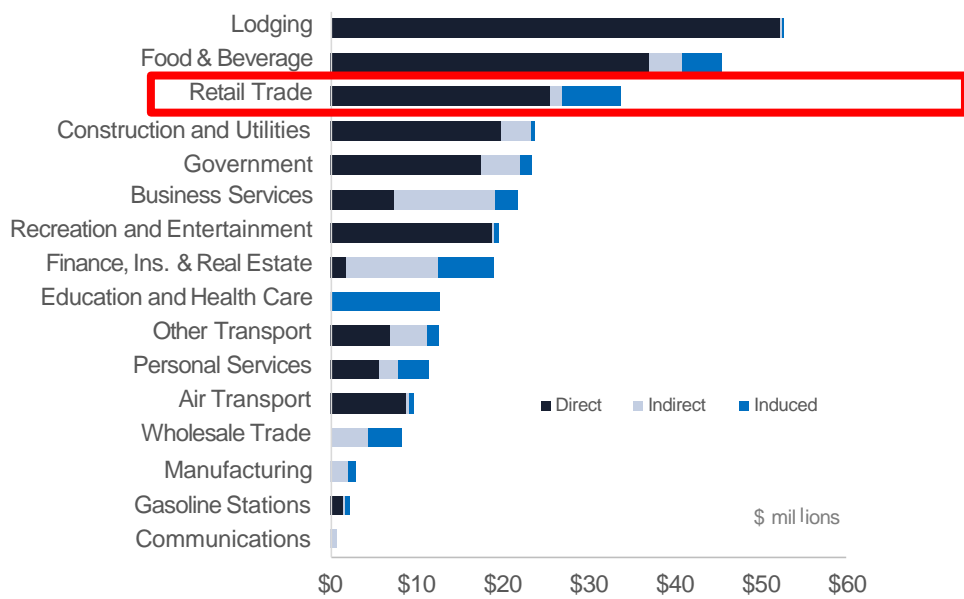


Source: Tourism Economics

Needing to hold on to employees to maintain structures, income earned by lodging workers provided more than \$50 million to those households.

Visitor labor income Impacts by industry (2021)

Amounts in millions of nominal dollars



Source: Tourism Economics



Summary labor income impacts (2021)

Amounts in millions of nominal dollars

	Direct Labor Income	Indirect Labor Income	Induced Labor Income	Total Labor Income
Total, all industries	\$203	\$50	\$47	\$301
Lodging	\$ 52	\$0	\$0	\$53
Food & Beverage	\$ 37	\$4	\$5	\$46
Retail Trade	\$ 26	\$1	\$7	\$34
Construction and Utilities	\$ 20	\$3	\$0	\$24
Government	\$ 18	\$4	\$1	\$23
Business Services	\$ 7	\$12	\$3	\$22
Recreation and Entertainment	\$ 19	\$0	\$1	\$20
Finance, Ins. & Real Estate	\$ 2	\$11	\$7	\$19
Education and Health Care	-	\$0	\$13	\$13
Other Transport	\$ 7	\$4	\$1	\$13
Personal Services	\$ 6	\$2	\$4	\$11
Air Transport	\$ 9	\$0	\$1	\$10
Wholesale Trade	-	\$4	\$4	\$8
Manufacturing	-	\$2	\$1	\$3
Gasoline Stations	\$ 1	\$0	\$1	\$2
Communications	-	\$1	\$0	\$1
Agriculture, Fishing, Mining	-	\$0	\$0	\$0

Source: Tourism Economics

2019 \$83

ECONOMIC IMPACT FINDINGS

FISCAL (TAX) IMPACTS

Visitor spending, visitor supported jobs, and business sales generated \$57 million in government revenues, losses of \$60 million compared to 2020. Total tax losses from the pandemic have now reached \$182 million.

Each household in Guam would need to be taxed an additional \$1,100 to replace the traveler taxes received by Guam territory and local governments in 2021. This has dropped from \$4,630 in 2019.

Fiscal (tax) impacts

Amounts in millions of nominal dollars

	2019	2020	2021
Total Tax Revenues	\$238.6	\$116.0	\$56.8
Personal Income	\$11.7	\$6.8	\$3.9
Corporate	\$16.6	\$5.7	\$2.2
Indirect Business	\$21.8	\$13.4	\$6.5
Social Insurance	\$72.8	\$42.0	\$24.3
Hotel Occupancy	\$45.1	\$28.4	\$12.9
Gross Receipts	\$58.8	\$17.6	\$6.7
Special Revenues	\$11.8	\$2.2	\$0.4

Source: Tourism Economics

TOTAL TAX LOSSES
\$182 MILLION
FROM 2019



ECONOMIC IMPACTS

KEY FINDINGS

TRAVELER ECONOMY

The Guam traveler economy encompasses both visitor activity along with spending in support of the tourism industry – from private investment in new buildings and machinery to governmental funding for tourism promotion. Spending by travelers totaled \$88 million in 2021 with investment and government adding around \$40 million for a total travel demand of \$128 million in 2021. The pandemic continued to influence results as limitations on international travel to the US greatly affected the island.



Note: Numbers may not add up due to rounding



TOTAL ECONOMIC IMPACT

The direct travel demand in Guam of \$128 million generated a total economic impact (total business sales) of \$306 million on the island in 2021. Total economic impacts include indirect and induced impacts – the spending of the tourism-supported business to support their operations and the spending of worker wages in the economy. This visitor-associated economic activity sustained 12,425 jobs and generated \$57 million in territory tax revenues in 2021.



2021: \$306 MILLION

Total Economic Impact of Tourism in Guam in 2021

2019: \$2.4 BILLION

Total Economic Impact of Tourism in Guam in 2019

SUMMARY ECONOMIC IMPACTS

Guam Tourism (2021)



\$128M

Direct Traveler Demand

\$306M

Economic Total Impact

12,425

Total Jobs Generated

\$57M

Taxes Generated

2019

23,100

Total Jobs Generated

2019

\$253M

Taxes Generated

IN CONCLUSION



**WE ALL NEED TO WORK TOGETHER ON
GROWING BACK OUR VISITOR ARRIVALS.**